# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:613
ANSWERED ON:02.03.2007
FCNR INTEREST RATE
Fanthome Shri Francis

**Will the Minister of FINANCE be pleased to state:**

(a) whether several Public Sector Banks have recently revised the Foreign Currency Non -Resident (FCNR) rates;

(b) if so, the details thereof;

(c) whether this revision is likely to increase the bank deposits in these banks;

(d) if so, the details thereof; and

(e) the likely impact on foreign exchange reserves in the country as a result thereof?

## Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PAWAN KUMAR BANSAL)

(a) & (b): Interest rates on NRI deposits are regulated by the Reserve Bank of India (RBI). Consequent on the announcement of the Third Quarter Review of the Annual Policy Statement for the year 2006-07 on January 31,2007, the interest rates ceiling on NRE and FCNR(B) deposits have been revised downward in terms of RBI`s circular dated January 31, 2007. Regarding FCNRfB) deposits of all maturities contracted effective close of business in India as on January 31, 2007, interest is to be paid by banks within the ceiling rate of LIBOR/SWAP rates for the respective currency/corresponding maturities minus 25 basis points (as against LIBOR/SWAP rates effective from close of business on March 28, 2006). On floating rate deposits, interest is to be paid within the ceiling of SWAP rates for the respective currency/maturity minus 25 basis points. For floating rate deposits, the interest-reset period is six months.

(c), (d) & (e): The impact of this revision on bank deposits and on foreign exchange reserves in the country as a result thereof cannot be quantified at this point of time.